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By WILFORD L. L'ESPERANCE

Commercial Banking and the Economic Development of Ohio and Columbus

O money, money, money, I'm not necessarily
one of those who think thee holy
But I often stop to wonder how thou canst
go out so fast when thou comest in
so slowly
—Ogden Nash, "Hymn to the Thing That Makes the Wolf Go"

If the proper use of money is the root of all that is munificent and necessary for the economic development of Ohio and Columbus, it surely deserves a close examination.[1]

This article examines the role of private finance in the economic development of Ohio and Columbus. Finance refers to the sources and use of financial capital as opposed to physical capital. For my purposes private finance refers to the claims and debits of commercial banks, savings and loan associations, credit unions, insurance companies, and mortgage loan companies in Ohio and Columbus.

The Private Financial Sector of Ohio and Columbus

Private financial institutions (e.g., commercial banks, savings and loan associations, credit unions, and mortgage loan companies) play a crucial role in the economic development of a city and state. Among these institutions commercial banks are the most important because of the flexibility of their operations. They have a greater access to a variety of funds, and have a greater variety of uses to which they put their funds than the other institutions. Second in importance are savings and loan associations (S&Ls). These two institutions, especially commercial banks, will be my primary concern. (A brief history of banking in Ohio is given in Campbell [1979][2].)

In order to understand the contribution that banks and savings and loan associations make to the Ohio and Columbus economies, consider as a measure of the size of the "monetary economy" of the city and State the total deposits of these two financial institutions. The importance of such regional monetary economies lies not only in the services delivered by these financial institutions, but also in the number of jobs and the level of income generated by them.

The size of their total deposits is a reflection of the ability of these institutions to attract funds that are eventually used for a variety of purposes such as making loans and investments, which are, in turn, examples of the creation and transformation of the assets of these institutions. The greater the ability to do so, the greater is the contribution of these institutions to the economic development of Ohio and Columbus. In fact "total deposits" will be used as a measure of size of the monetary economy of Ohio and Columbus.

Ideally, an appropriate definition of the money stock rather than the deposits of commercial banks and S&Ls should be used to determine the size of the local monetary economy. But, at the state and the urban level, measures of the money stock are not compiled. Neither M_1 (currency plus commercial bank deposits held by the non-banking public) nor M_2 (M_1 plus time deposits of commercial

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[1] In the summer of 1979 members of the Mayor's Economic Development Council of Columbus, Ohio, took a poll among themselves to determine the most important issues regarding the economic development of Columbus. The most important one was the economic vitality of the central business district of Columbus. Second most important was the role that finance plays in the economic development of Columbus and Ohio. This article discusses this second most important issue, and covers the private financial sector. A second discussion paper will review the role of public finance in the economic development of Columbus and Ohio.

[2] References are listed at the end of this article.

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Commercial Banking and the Economic Development of Ohio and Columbus (Continued from page 1)

TABLE 1
DEPOSITS OF COMMERCIAL BANKS AND SAVINGS AND LOAN INSTITUTIONS, UNITED STATES, OHIO, COLUMBUS SMSA, AND FRANKLIN COUNTY, 1968-1975

Area and Type of Deposit	Amount (*Billions of Current Dollars*)							
	1968	1969	1970	1971	1972	1973	1974	1975
United States								
Commercial Bank Deposits	432.7	434.1	479.2	535.7	613.0	677.3	748.3	741.7
Demand	227.9	239.2	246.2	261.1	294.9	307.6	315.8	294.2
Time	204.7	194.9	233.0	274.6	318.1	369.7	432.5	447.5
Savings and Loan Deposits	131.7	135.7	146.3	174.2	206.7	227.3	243.3	286.6
Ohio								
Commercial Bank Deposits	20.2	20.3	21.7	23.6	26.7	28.3	29.6	29.4
Demand	9.2	9.5	9.6	9.8	11.4	11.3	11.2	10.1
Time	10.9	10.3	12.1	13.7	15.3	16.9	18.5	19.3
Savings and Loan Deposits	10.4	10.6	11.3	13.2	15.1	16.4	17.6	20.2
Columbus SMSA								
Commercial Bank Deposits	1.9	1.9	2.0	2.3	2.6	2.7	2.7	n.a.
Savings and Loan Deposits	0.7	0.8	0.9	1.0	1.3	1.5	1.7	2.0
Franklin County								
Commercial Bank Deposits	1.6	1.6	1.7	2.0	2.2	2.4	2.3	2.3

n.a. Not available.

Source: Federal Reserve Bank of Cleveland (commercial bank deposits) and Federal Home Loan Bank of Cincinnati (savings and loan deposits).

banks) is available.[3] In the absence of comprehensive measures of regional monetary activity, "total deposits" of commercial banks and savings and loan institutions are worthwhile indicators of money-type activity at the urban and state levels.

Size of total deposits alone offers little information; therefore, Ohio and Columbus are compared to the U.S. Also, the size of the "total deposits" of banks and S&Ls are compared to their appropriate gross area product. For example, for the U.S., the time series ratio of U.S. commercial bank deposits to Gross National Product is calculated. The same ratio is determined for Ohio using Gross State Product of Ohio (L'Esperance 1976), and for the Columbus SMSA using Gross Urban Product-Columbus SMSA and Gross Urban Product-Franklin County (L'Esperance and Chall 1979). The geographical areas are compared, in terms of the size of their respective ratios.

Specifically, gross area product is the yardstick used to indicate the area's ability to generate these financial deposits. Naturally, the higher the gross area product, the greater the level of deposits.

Several tables are included to describe the size and importance of the monetary economies of Ohio and the Columbus SMSA.

Table 1 depicts the deposit growth of commercial banks and savings and loan institutions for the U.S., Ohio, Columbus SMSA, and Franklin County. For commercial banks in the U.S. and Ohio, total deposits are broken down into demand and time deposits. It is easily seen from Table 1 that S&L deposits have been growing much faster than the time or demand deposits of commercial banks.

Table 2 presents measures of total economic activity in the form of gross area product for the U.S., Ohio, and local areas. Gross National Product (GNP) is a measure of the national output of goods and services. The gross area products for Ohio and the Columbus SMSA were developed in order to make a comparison among regions and provide a determination of the condition of the economies of Ohio and Columbus. Such area products are the analog of GNP.

[3] Such estimates can be made from reports submitted to the Federal Deposit Insurance Corporation (FDIC) and the Federal Savings and Loan Insurance Corporation (FSLIC). The source data are available from the Federal Reserve Board and the Federal Home Loan Bank. A method for preparing these estimates is suggested by Cohen and Maishuro (1977).

TABLE 2
GROSS NATIONAL PRODUCT, GROSS STATE PRODUCT–OHIO, GROSS URBAN PRODUCT–COLUMBUS SMSA, AND GROSS URBAN PRODUCT–FRANKLIN COUNTY, 1968-1975

Item	Amount (*Billions of Current Dollars*)							
	1968	1969	1970	1971	1972	1973	1974	1975
Gross National Product	846.2	929.1	974.1	1,055.5	1,171.1	1,306.3	1,406.9	1,498.9
Gross State Product—Ohio	47.3	51.1	52.7	56.1	60.7	67.8	73.0	77.7
Gross Urban Product—								
Columbus SMSA	4.0	4.4	4.7	5.2	5.6	6.3	6.8	7.2
Franklin County	3.7	4.0	4.3	4.7	5.0	5.7	6.2	6.6

Source: U.S. Department of Commerce, *Survey of Current Business* (GNP); L'Esperance, Wilford L., "An Overview of the Ohio Economy," *Bulletin of Business Research*, The Ohio State University, January 1976 (GSP-Ohio, 1968-1972); and L'Esperance, Wilford L., and Chall, Daniel E., "The Concept and an Estimate of Gross Urban Product," Manuscript, Department of Economics, The Ohio State University, 1979 (GSP-Ohio, 1973-1975; GUP—Columbus SMSA; and GUP—Franklin County).

TABLE 3
PERCENTAGE CHANGE OF DEPOSITS OF COMMERCIAL BANKS AND SAVINGS AND LOAN INSTITUTIONS AND GROSS AREA PRODUCTS, UNITED STATES, OHIO, COLUMBUS SMSA, AND FRANKLIN COUNTY, ANNUALLY, 1968-1975

Area and Item	Percentage Change						
	1969 from 1968	1970 from 1969	1971 from 1970	1972 from 1971	1973 from 1972	1974 from 1973	1975 from 1974
United States							
Commercial Bank Deposits	0.3	10.4	11.8	14.4	10.5	10.5	— 0.9
Demand	4.9	2.9	6.1	13.0	4.3	2.7	— 6.9
Time	—4.8	19.5	17.9	15.8	16.2	17.0	3.5
Savings and Loan Deposits	3.1	7.8	19.0	18.7	9.9	7.1	17.8
Ohio							
Commercial Bank Deposits	1.3	6.6	8.7	13.1	6.0	4.8	— 0.8
Demand	3.3	1.2	2.6	15.7	— 0.3	— 1.3	— 9.8
Time	—0.4	11.4	13.6	11.3	10.7	9.0	4.6
Savings and Loan Deposits	2.0	7.0	16.5	14.3	8.6	7.2	14.7
Columbus SMSA							
Commercial Bank Deposits	—0.5	8.2	15.0	10.5	7.0	— 1.1	..
Savings and Loan Deposits	6.5	14.8	18.7	19.5	21.3	14.4	16.7
Franklin County							
Commercial Bank Deposits	—1.5	8.5	15.3	10.1	6.8	— 2.2	0.6
Gross National Product	7.5	4.8	8.4	11.0	11.5	7.7	6.5
Gross State Product—Ohio	8.0	3.1	6.5	8.3	11.5	7.7	6.5
Gross Urban Product—Columbus SMSA	9.5	6.1	10.3	7.6	12.7	7.7	6.5
Gross Urban Product—Franklin County	9.5	6.0	10.0	6.8	13.3	7.7	6.5

Source: Unrounded data that are summarized in Table 1 and Table 2.

Table 3 shows the year-to-year percentage changes in the level of the variables presented in Tables 1 and 2. For financial variables it is easily seen that S&L deposits have been growing rapidly for the U.S. and slightly less rapidly for Ohio. Also significant is the slower growth of Ohio bank deposits than U.S. bank deposits, especially for the years 1972-1974. The contraction in demand deposits in 1974-1975 was greater in Ohio than it was in the U.S. For Columbus the relative slower growth in the period 1972-1974 than in either Ohio or the U.S. must be observed. In sharp contrast, Columbus S&Ls experienced a dramatic increase in deposits. From percentage changes in the gross area products of the U.S., Ohio, Columbus SMSA, and Franklin County, an overall greater growth in the local economy than in either Ohio or the U.S. is easily discernible.

Table 4 shows the ratio of commercial bank deposits to gross area product. For the U.S. and Ohio, commercial bank deposits are broken down into demand and time deposits. The steady increase in the ratio of time deposits to GNP stands in contrast to the steady decline in the ratio of demand deposits to GNP. The ratio of Ohio commercial bank deposits to Gross State Product-Ohio shows that the same trends occurred in Ohio as in the U.S. However, the recent ratios for Ohio are discernably less than they are for the U.S. In 1975, for example, the ratios for demand and time deposits in Ohio are roughly 6 percentage points less than the ones for the U.S.

The ratio of a given area's total commercial bank deposits to the gross area product are shown for four regions: the U.S., Ohio, Columbus SMSA, and Franklin County. For example, in 1968 the ratio of total commercial bank deposits in the U.S. to GNP was 50 percent. In 1968 the ratio of Ohio commercial bank deposits to Gross State

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TABLE 4
RATIO OF COMMERCIAL BANK DEPOSITS TO GROSS AREA PRODUCT, UNITED STATES, OHIO, COLUMBUS SMSA, AND FRANKLIN COUNTY, 1968-1975

Year	United States Deposits/GNP (Percent)			Ohio Deposits/GSP (Percent)			Columbus SMSA Deposits/GUP (Percent)	Franklin County Deposits/GUP (Percent)
	Demand Deposits	Time Deposits	Total Deposits	Demand Deposits	Time Deposits	Total Deposits		
1968	26	24	50	19	23	43	46	44
1969	26	21	47	19	21	40	42	40
1970	25	24	49	18	23	41	43	41
1971	25	26	51	18	25	42	45	43
1972	25	27	52	19	25	44	46	44
1973	24	28	52	17	25	42	44	41
1974	22	31	53	15	25	41	40	38
1975	20	30	50	13	25	38	..	36

Source: Unrounded data that are summarized in Table 1 and Table 2.

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Product-Ohio was 43 percent. The ratios for the three Ohio regions are less than they are for the U.S.

The salient feaures of these tables are:

1. GNP tends to grow a bit faster than GSP. This is evident for the years 1969-1972. In general, national recessions hit Ohio harder than most other states, and Ohio never quite catches up to its pre-recession relative position with the U.S. economy (L'Esperance 1976).
2. The economy of the Columbus SMSA is growing at a faster rate than either the U.S. or Ohio economies.
3. With respect to the total deposits of commercial banks, their Ohio growth is discernibly less than the U.S. It is much less than is warranted by the relative size of GSP-Ohio to GNP. For example, in the pre-recession year of 1974 the ratio of GSP-Ohio to GNP was 5.2 percent and the ratio of Ohio total commercial bank deposits to U.S. total commercial bank deposits was 4.0 percent, 1.2 percentage points less.
4. A slight, but steady, decline is shown in the ratios of commercial bank deposits to the area products of Ohio, the Columbus SMSA, and Franklin County. This relationship is contrary to the behavior of the U.S. ratio.

Table 5 shows the ratios of S&L deposits to measures of gross area product for each of three regions: U.S., Ohio, and the Columbus SMSA. For example in 1968 the ratio of S&L deposits at the national level to GNP was 15 percent. Table 5 shows an increasing trend in the annual ratio of S&L deposits to GNP, Gross State Product-Ohio, and Gross Urban Product-Columbus SMSA. In short, S&L institutions are making strong progress in capturing a larger share of the deposit potential. Ohio and Columbus commercial banks, in particular, are noticeably affected by the expansion of S&L deposits.

The following is an explanation of these trends, particularly why Ohio banking activity is relatively less than U.S. banking activity.

TABLE 5
RATIO OF SAVINGS AND LOAN DEPOSITS TO GROSS AREA PRODUCT, UNITED STATES, OHIO, AND COLUMBUS SMSA, 1965-1978

Year	United States Deposits/GNP (Percent)	Ohio Deposits/GSP (Percent)	Columbus SMSA Deposits/GUP (Percent)
1968	15	22	18
1969	15	21	17
1970	15	22	19
1971	17	24	20
1972	18	25	23
1973	17	24	24
1974	17	24	26
1975	19	26	28

Source: Unrounded data that are summarized in Table 1 and Table 2.

A Summary of Commercial Banking in Ohio

It is well known that commercial banking has experienced a relative increase in the importance of time to demand deposits. This is true for the U.S., Ohio, and the Columbus SMSA. However, the pattern and degree of this change is different for each of these areas.

As an example of area differences, compare U.S. and Ohio data in Table 4. This table highlights the deposit activity of commercial banks as a ratio to pertinent gross area product. The ratio measures for Ohio are lower than those for the U.S., both in the demand and time deposit categories. For the last four years, Ohio's share of U.S. deposits (both time and demand) declined. The disparity between the U.S. and Ohio, in terms of deposit activity, reflects several tendencies.

First, despite the large size of the state of Ohio, it is much less important as a commercial banking state than many other states of comparable size. This conclusion is confirmed by Maclin (1977) who compares Ohio banks' participation in the expansion of U.S. banks from 1969-1975. Ohio is also compared to Michigan and Pennsylvania. She concludes that:

> While Pennsylvania banking activity was on a par with or well above the national rate from 1969 through 1975, Ohio's banking activity remained approximately 20 percent below the national rate in the area of assets and deposits and 10 percent below in capital accounts. (p. 3)

> Ohio banks were also less active than those in Michigan in the acquisition of assets and deposits but better than Michigan banks in generating capital. (p. 3)

> Markets for federal funds, repurchase agreements (RP's), and other borrowed funds are also primarily national in scope. Ohio banks' participation in these markets is especially low relative to national rates. (p. 6)

> Ohio banks' total lending activities are roughly 20 percent below the national norm which accounts for much of the banks' below average participation in total assets. (p. 8)

Second, the faster growth of time deposits outside the state reflects the faster growth of savings elsewhere.

Third, the ability of Ohio's S&Ls to capture a larger share of the Ohio deposit market (40 percent) than U.S. S&Ls have been able to capture throughout the country (28 percent), as shown by 1975 data in Table 1, points to significant marketing deficiencies in the Ohio commercial banking industry. It also strongly suggests that Ohio is a net borrower of funds from other states, particularly Illinois (Chicago), Pennsylvania (Pittsburgh and Philadelphia), and New York (New York City).

What explains this peculiar behavior of Ohio's commercial banks? Why are they seemingly more conservative

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STATISTICAL SUMMARY

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Business Conditions in Ohio and the United States

ITEM	Unit or Index Base Period	OHIO Oct. 1979 (p)	OHIO Sept. 1979 (r)	OHIO Change From Last Month: Oct. 1979 from Sept. 1979	OHIO Change From Last Year: Oct. 1979 from Oct. 1978	OHIO Change From Last Year: 10 months 1979 from 1978	UNITED STATES Unit or Index Base Period	UNITED STATES Oct. 1979 (p)	UNITED STATES Sept. 1979 (r)	UNITED STATES Change From Last Month: Oct. 1979 from Sept. 1979	UNITED STATES Change From Last Year: Oct. 1979 from Oct. 1978	UNITED STATES Change From Last Year: 10 months 1979 from 1978
GENERAL BUSINESS				%	%	%				%	%	%
• Bank Debits[5, 11]	1967[f]	n.a.	n.a.	n.a.	n.a.	n.a.	*Bil.$ Ex.NY*[4, h]	n.a.	n.a.	n.a.	n.a.	n.a.
Commercial Failures—Number[12]	*Number*	n.a.	n.a.	n.a.	n.a.	n.a.	*Number*	n.a.	n.a.	n.a.	n.a.	n.a.
Commercial Failures—Liabilities[12]	*Thous. Dol.*	n.a.	n.a.	n.a.	n.a.	n.a.	*Thous. Dol.*	n.a.	n.a.	n.a.	n.a.	n.a
Life Insurance Sales[6]	*1967*	337	285	+ 18	+ 11	+ 18	*1967*	374	309	+ 21	+ 20	+ 17
INCOME												
• Total Personal Income[1, 13]	*Mil. Dol.*[4, h]	95,978	94,955	+ 1	+ 10	+ 11	*Bil. Dol.*[4, h]	1,979	1,960	+ 1	+ 11	+ 12
Salaries & Wages Income[7, 13]	*Mil. Dol.*[4, h]	c	c	+ 2	+ 3	+ 6	*Bil. Dol.*[4, h]	1,257	1,248	+ 1	+ 10	+ 12
Nonagricultural Income[13]		b	b	b	b	b	*Bil. Dol.*[4, h]	1,932	1,913	+ 1	+ 11	+ 12
Employee Earn.—Gross Wkly.: Mfgr.[14, 15]	*Dollars*	329.16	326.27	+ 1	+ 4	+ 6	*Dollars*	274.85	274.04	+ x	+ 7	+ 8
" " Const.[14, 15]	*Dollars*	432.72	436.21	— 1	+ 9	+ 7	*Dollars*	356.82	360.43	— 1	— 3	+ 7
Agr. Income (Cash Mktgs.)[16, 17]	*1957–59*	n.a.	n.a.	n.a.	n.a.	n.a.	*1967*	n.a.	n.a.	n.a.	n.a.	n.a.
EMPLOYMENT & UNEMPLOYMENT												
Civilian Labor Force[14, 15]	*Thousands*	5,122	5,092	+ 1	+ 1	+ 3	*Thousands*	103,939	103,373	+ 1	+ 2	+ 3
Civilian Employment[14, 15]	*Thousands*	4,819	4,815	+ x	— 1	+ 3	*Thousands*	98,158	97,576	+ 1	+ 2	+ 3
Nonagricultural Employment[14, 15]	*Thousands*	4,527	4,528	— x	+ 1	+ 3	*Thousands*	94,691	94,030	+ 1	+ 2	+ 3
Mfg. Prod. Employment[7, 15]	*1967*	79	80	— 2	— 4	— 1	*1967*	106	106	— x	+ 2	+ 3
• Mfg. Prod. Payrolls[7, 15]	*1967*	181	182	— x	— 1	+ 6	*1967*	252.3	253.8	— 1	+ 7	+ 11
Average Weekly Hours—Mfg. Prod.[7, 15]	*Number*	41.3	41.3	— x	— 2	— 1	*Number*	40.2	40.3	— x	— 1	— x
Unemployment, Total—No.[14, 15]	*Thousands*	303	278	+ 9	+ 26	+ 13	*Thousands*	5,781	5,798	— x	+ 6	— 2
Unemployment, Total—Rate[14, 15]	*Percent*	5.9	5.5				*Percent*	5.6	5.6			
Unemployment, Insured[14, 15]	*Thousands*	100	102	— 1	+ 71	+ 23	*Thousands*					
Registered for Work, O.B.E.S.[14]	*Thousands*	341	316	+ 8	+ 1	— 6		b	b	b	b	b
Unemployment Compensation Fund[14]	*Mil. Dol.*	552	561	— 1	+ 32	+ 78		b	b	b	b	b
PRODUCTION												
Gross National Product (Quarterly)[13]		b	b	b	b	b	*Bil. Dol.*[4, h]	n.a.	n.a.	n.a.	n.a.	n.a.
Industrial Production[7, 11]	*1967*	c	c	— 2	— 6	— 2	*1967*[4]	152	152	+ x	+ 2	+ 5
• Steel Production[18]	*Thous. Tons*	1,638	1,662	— 1	— 15	+ 4	*Thous. Tons*	10,810	10,541	+ 3	— 11	+ 2
Electric Power Production[8]	*1967*[f]	n.a.	n.a.	n.a.	n.a.	n.a.	*Mil. KWH*	n.a.	n.a.	n.a.	n.a.	n.a.
Bituminous Coal Production[19]	*Thous. Tons*	3,369	3,284	+ 3	— 26	+ 1	*Thous. Tons*	75,910	63,895	+ 19	+ 9	+ 22
Pig Iron Production[18]	*Thous. Tons*	1,116	1,156	— 3	— 14	+ 3	*Thous. Tons*	6,779	6,762	+ x	— 13	+ 3
Machine Tools—Shipments[20]		b	b	b	b	b	*Mil. Dol.*	380.05	346.80	+ 10	+ 42	+ 28
Machine Tools—New Orders[20]		b	b	b	b	b	*Mil. Dol.*	565.05	545.60	+ 4	+ 36	+ 34
Durable Goods—New Orders[13]		b	b	b	b	b	*Mil. Dol.*[4]	75,989	77,560	— 2	— 1	+ 12
CONSTRUCTION (Value of Contracts)												
• Total (Seas. Adj.)[9, 21]	1967[d]						1967[d]					
Total[9, 21]	1967[f]	210	238	— 12	— 40	+ 2	*Mil. Dol.*	14,188	13,279	+ 7	— 9	+ 3
Residential Building[9, 21]	1967[f]	259	236	+ 10	— 9	— 4	*Mil. Dol.*	6,864	6,248	+ 10	— 3	+ 2
Nonresidential Building[9, 21]	1967[f]	192	221	— 13	+ 10	+ 28	*Mil. Dol.*	4,869	4,471	+ 9	+ 14	+ 11
Utilities and Non-Building Const.[9, 21]	1967[f]	139	289	— 52	— 86	— 21	*Mil. Dol.*	2,455	2,560	— 4	— 41	— 5
DISTRIBUTION												
Total Retail Sales[2, 13]	*1957–59*[d]	293	275	+ 6	+ 4	+ 5	*Mil. Dol.*[d]	75,620	76,929	— 2	+ 10	+ 11
Department Store Sales[2, 13]	*1957–59*[d]	269	281	— 4	+ 14	+ 8	*Mil. Dol.*[d]	7,422	7,380	+ 1	+ 11	+ 8
• New Passenger Cars Registered[3, 22]	*1967*	123	110	+ 12	— 13	— 8	*No.–49 sts.*	886,778	852,475	+ 4	+ 2	— 4
New Trucks Registered[3, 22]	*No.–42 cos.*	6,809	6,216	+ 10	— 16	— 18	*No.–49 sts.*	313,461	293,058	+ 7	+ 3	— 10
Used Cars Registered[3]	*No.–31 cos.*	35,701	27,974	+ 28	— 5	— 8		b	b	b	b	b
PRICES												
• Consumer Price Index[13]:												
All Urban Consumers		b	b	b	b	b	*1967*	225	223	+ 1	+ 12	+ 11
Wage Earners & Clerical Workers		b	b	b	b	b	*1967*	226	224	+ 1	+ 12	+ 11
Producer Price Index[15]:												
All Commodities		b	b	b	b	b	*1967*	245	242	+ 1	+ 14	+ 12
Finished Goods		b	b	b	b	b	*1967*	224	220	+ 1	+ 12	+ 11
Intermediate Materials		b	b	b	b	b	*1967*	255	251	+ 2	+ 15	+ 12
Crude Materials		b	b	b	b	b	*1967*	289	288	+ x	+ 16	+ 18
Sensitive Indus. Commodities[15]		b	b	b	b	b	*1967*	308	297	+ 3	+ 23	+ 28
BANKING AND FINANCE												
• Bank Loans, Large Banks—Total[11]	*Mil. Dol.*	23,404	23,369	+ x	n.a.	n.a.	*Mil. Dol.*	396,251	399,731	— 1	n.a.	n.a.
" " " " Bus. & Agric.[11]	*Mil. Dol.*	8,575	8,523	+ 1	n.a.	n.a.	*Mil. Dol.*	156,555	156,992	— x	n.a.	n.a.
Stock Price Index—400 Indust.[23]		b	b	b	b	b	*1941–43 = 10*	115.7	120.8	— 4	+ 4	+ 7
" " " 40 Utils.[23]		b	b	b	b	b	*1941–43 = 10*	49.0	50.7	— 3	— 7	— 3
" " " 20 Utils.[23]		b	b	b	b	b	*1970 = 10*	14.5	15.7	— 8	— x	+ 4
Yield, Corp. AAA Bonds[23]		b	b	b	b	b	*Percent*	10.11	9.41	+ 7	+ 14	+ 8

• Indicates series charted (page S-1). For sources and footnotes, see page S-6.

Business Conditions in the 8 Largest OHIO CITIES

ITEM	Unit or Index Base Period	Oct. 1979 (p)	Sept. 1979 (r)	Change From Last Year: Oct. 1979 from Oct. 1978	Change From Last Year: 10 months 1979 from 1978
AKRON					
Number Employed[7]:				%	%
Total[w]	1967	84	83	— 6	— 6
Manufacturing	"	61	61	— 8	— 8
Trade, Serv., & Utils.	"	113	111	— 4	— 4
Construction	"	78	79	— 9	+ 2
Payrolls[7]:					
Total[w]	"	177	167	+ 1	+ 1
• Manufacturing	"	130	121	— 2	— 3
Trade, Serv., & Utils.	"	267	254	+ 5	+ 5
Construction	"	180	173	— 5	+ 5
Emp. Earn.—Gross Wkly.[7]:					
All Industries[w]	$	317.92	301.36	+ 9	+ 7
Manufacturing	"	369.31	345.67	+ 9	+ 6
Trade, Serv., & Utils.	"	243.60	236.30	+ 10	+ 10
Construction	"	438.42	416.68	+ 4	+ 3
Retail Sales[2]	%	c	c	+ 4	+ 5
Auto Titles[3]:					
New Cars	No.	n.a.	n.a.	n.a.	n.a.
New Trucks	"	n.a.	n.a.	n.a.	n.a.
Retail Food Prices[15]	1967	b	b	b	b
Bank Debits[5]	1967f	n.a.	n.a.	n.a.	n.a.
Commercial Failures[12]:					
Failures	No.	n.a.	n.a.	n.a.	n.a.
Liabilities	Thous. $	n.a.	n.a.	n.a.	n.a.
Indus. Power Consump.[4]	1967f	152	159	— 6	+ 1
Value of Bldg. Const.[9]:					
Total	"	261	203	+131	+ 15
Residential	"	312	239	+ 63	— 7
Nonresidential	"	210	167	+506	+ 63
Steel Production[18]	1967g	b	b	b	b
Labor Force Estimates[14]:					
Civilian Labor Force	Thous.	244.0	242.4	— 1	+ 2
Civilian Employment	"	230.3	228.8	— 1	+ 1
Unemp. Total—No.	"	13.7	13.5	+ 15	+ 9
Unemp., Total—Rate	%	5.6	5.6		

ITEM	Unit or Index Base Period	Oct. 1979 (p)	Sept. 1979 (r)	Change From Last Year: Oct. 1979 from Oct. 1978	Change From Last Year: 10 months 1979 from 1978
CANTON					
Number Employed[7]:				%	%
Total[w]	1967	96	100	— 1	+ 3
Manufacturing	"	86	92	— 4	+ 5
Trade, Serv., & Utils.	"	113	114	+ 2	+ 1
Construction	"	86	87	— 4	+ 1
Payrolls[7]:					
Total[w]	"	236	247	+ 6	+ 13
• Manufacturing	"	205	219	+ 5	+ 16
Trade, Serv., & Utils.	"	320	325	+ 9	+ 9
Construction	"	198	204	+ 7	+ 6
Emp. Earn.—Gross Wkly.[7]:					
All Industries[w]	$	322.85	323.29	+ 8	+ 9
Manufacturing	"	351.38	350.25	+ 9	+ 9
Trade, Serv., & Utils.	"	262.63	265.20	+ 7	+ 8
Construction	"	443.80	447.54	+ 5	+ 5
Retail Sales[2]	%	c	c	+ 2	+ 9
Auto Titles[3]:					
New Cars	No.	n.a.	n.a.	n.a.	n.a.
New Trucks	"	n.a.	n.a.	n.a.	n.a.
Retail Food Prices[15]	1967	b	b	b	b
Bank Debits[5]	1967f	n.a.	n.a.	n.a.	n.a.
Commercial Failures[12]:					
Failures	No.	n.a.	n.a.	n.a.	n.a.
Liabilities	Thous. $	n.a.	n.a.	n.a.	n.a.
Indus. Power Consump.[4]	1967f	b	b	b	b
Value of Bldg. Const.[9]:					
Total	"	152	437	+ 25	+ 38
Residential	"	209	145	+ 20	+ 10
Nonresidential	"	82	794	+ 44	+ 93
Steel Production[18]	1967g	b	b	b	b
Labor Force Estimates[14]:					
Civilian Labor Force	Thous.	174.6	172.1	+ 2	+ 4
Civilian Employment	"	164.5	163.7	+ 1	+ 4
Unemp. Total—No.	"	10.1	8.4	+ 23	+ 8
Unemp., Total—Rate	%	5.8	4.9		

ITEM	Unit or Index Base Period	Oct. 1979 (p)	Sept. 1979 (r)	Change From Last Year: Oct. 1979 from Oct. 1978	Change From Last Year: 10 months 1979 from 1978
CINCINNATI					
Number Employed[7]:				%	%
Total[w]	1967	88	89	+ x	— 2
Manufacturing	"	73	73	— 6	— 2
Trade, Serv., & Utils.	"	103	104	+ 5	— 3
Construction	"	93	94	+ 4	+ 20
Payrolls[7]:					
Total[w]	"	218	225	+ 2	+ 7
• Manufacturing	"	177	178	— 9	+ x
Trade, Serv., & Utils.	"	269	284	+ 12	+ 11
Construction	"	234	240	+ 25	+ 37
Emp. Earn.—Gross Wkly.[7]:					
All Industries[w]	$	283.66	286.92	+ 3	+ 10
Manufacturing	"	329.02	326.02	— 2	+ 4
Trade, Serv., & Utils.	"	221.78	230.82	+ 7	+ 18
Construction	"	444.90	451.54	+ 20	+ 13
Retail Sales[2]	%	c	c	+ 6	+ 7
Auto Titles[3]:					
New Cars	No.	5,375	5,664	— 11	— 7
New Trucks	"	829	828	— 15	— 14
Retail Food Prices[15]	1967	253	251	+ 10	+ 12
Bank Debits[5]	1967f	n.a.	n.a.	n.a.	n.a.
Commercial Failures[12]:					
Failures	No.	n.a.	n.a.	n.a.	n.a.
Liabilities	Thous. $	n.a.	n.a.	n.a.	n.a.
Indus. Power Consump.[4]	1967f	b	b	b	b
Value of Bldg. Const.[9]:					
Total	"	243	119	+ 11	+ 23
Residential	"	189	108	+ 1	+ 18
Nonresidential	"	291	129	+ 18	+ 27
Steel Production[18]	1967g	85	88	— 24	— 6
Labor Force Estimates[14]:					
Civilian Labor Force	Thous.	439.4	436.6	+ 1	+ 2
Civilian Employment	"	417.8	417.6	+ 1	+ 2
Unemp. Total—No.	"	21.6	19.0	+ 4	+ 4
Unemp., Total—Rate	%	4.9	4.3		

ITEM	Unit or Index Base Period	Oct. 1979 (p)	Sept. 1979 (r)	Change From Last Year: Oct. 1979 from Oct. 1978	Change From Last Year: 10 months 1979 from 1978
CLEVELAND					
Number Employed[7]:				%	%
Total[w]	1967	91	93	— 4	+ x
Manufacturing	"	72	76	— 10	— x
Trade, Serv., & Utils.	"	109	110	— x	+ x
Construction	"	91	91	+ 6	+ 3
Payrolls[7]:					
Total[w]	"	206	210	— 1	+ 6
• Manufacturing	"	155	163	— 11	+ 5
Trade, Serv., & Utils.	"	269	265	+ 7	+ 7
Construction	"	236	243	+ 12	+ 10
Emp. Earn.—Gross Wkly.[7]:					
All Industries[w]	$	349.73	346.66	+ 3	+ 6
Manufacturing	"	368.92	366.75	— 1	+ 6
Trade, Serv., & Utils.	"	317.96	311.58	+ 7	+ 7
Construction	"	470.71	491.41	+ 5	+ 6
Retail Sales[2]	%	c	c	— 3	+ 4
Auto Titles[3]:					
New Cars	No.	8,418	6,887	— 12	— 9
New Trucks	"	985	877	— 17	— 12
Retail Food Prices[15]	1967	241	240	+ 8	+ 12
Bank Debits[5]	1967f	n.a.	n.a.	n.a.	n.a.
Commercial Failures[12]:					
Failures	No.	n.a.	n.a.	n.a.	n.a.
Liabilities	Thous. $	n.a.	n.a.	n.a.	n.a.
Indus. Power Consump.[4]	1967f	b	b	b	b
Value of Bldg. Const.[9]:					
Total	"	111	120	— 6	+ 9
Residential	"	110	101	— 37	— 8
Nonresidential	"	112	136	+ 68	+ 25
Steel Production[18]	1967g	124	132	— 5	+ 13
Labor Force Estimates[14]:					
Civilian Labor Force	Thous.	758.8	756.2	— 1	+ 2
Civilian Employment	"	717.0	721.0	— 2	+ 1
Unemp. Total—No.	"	41.8	35.2	+ 28	+ 9
Unemp., Total—Rate	%	5.5	4.7		

ITEM	Unit or Index Base Period	Oct. 1979 (p)	Sept. 1979 (r)	Change From Last Year: Oct. 1979 from Oct. 1978	Change From Last Year: 10 months 1979 from 1978
COLUMBUS					
Number Employed[7]:				%	%
Total[w]	1967	105	104	— 2	— x
Manufacturing	"	73	73	— 9	— 7
Trade, Serv., & Utils.	"	128	126	— 1	+ 2
Construction	"	80	79	+ 12	+ 10
Payrolls[7]:					
Total[w]	"	246	239	+ 4	+ 7
• Manufacturing	"	157	156	— 5	+ 1
Trade, Serv., & Utils.	"	330	319	+ 6	+ 8
Construction	"	190	185	+ 28	+ 17
Emp. Earn.—Gross Wkly.[7]:					
All Industries[w]	$	277.14	273.73	+ 7	+ 8
Manufacturing	"	330.74	328.35	+ 7	+ 10
Trade, Serv., & Utils.	"	229.76	226.03	+ 6	+ 7
Construction	"	394.34	388.60	+ 13	+ 4
Retail Sales[2]	%	c	c	+ x	+ 3
Auto Titles[3]:					
New Cars	No.	4,748	3,913	— 9	— 6
New Trucks	"	966	951	+ 12	— 12
Retail Food Prices[15]	1967	b	b	b	b
Bank Debits[5]	1967f	n.a.	n.a.	n.a.	n.a.
Commercial Failures[12]:					
Failures	No.	n.a.	n.a.	n.a.	n.a.
Liabilities	Thous. $	n.a.	n.a.	n.a.	n.a.
Indus. Power Consump.[4]	1967f	b	b	b	b
Value of Bldg. Const.[9]:					
Total	"	215	227	— 16	+ 32
Residential	"	215	243	+ 13	+ 22
Nonresidential	"	215	210	— 33	+ 41
Steel Production[18]	1967g	b	b	b	b
Labor Force Estimates[14]:					
Civilian Labor Force	Thous.	445.3	439.4	+ 1	+ 5
Civilian Employment	"	424.9	420.2	+ x	+ 5
Unemp. Total—No.	"	20.4	19.2	+ 9	+ 7
Unemp., Total—Rate	%	4.6	4.4		

ITEM	Unit or Index Base Period	Oct. 1979 (p)	Sept. 1979 (r)	Change From Last Year: Oct. 1979 from Oct. 1978	Change From Last Year: 10 months 1979 from 1978
DAYTON					
Number Employed[7]:				%	%
Total[w]	1967	108	108	+ 1	+ 2
Manufacturing	"	71	69	— 3	— 1
Trade, Serv., & Utils.	"	161	163	+ 3	+ 5
Construction	"	109	110	+ 4	+ 4
Payrolls[7]:					
Total[w]	"	221	211	+ 7	+ 8
• Manufacturing	"	162	145	+ 1	+ 6
Trade, Serv., & Utils.	"	349	346	+ 15	+ 11
Construction	"	232	267	+ 6	+ 10
Emp. Earn.—Gross Wkly.[7]:					
All Industries[w]	$	362.47	343.31	+ 7	+ 8
Manufacturing	"	408.69	373.39	+ 5	+ 7
Trade, Serv., & Utils.	"	294.22	288.93	+ 12	+ 9
Construction	"	377.94	434.31	+ 2	+ 7
Retail Sales[2]	%	n.a.	n.a.	n.a.	n.a.
Auto Titles[3]:					
New Cars	No.	3,216	2,786	— 25	— 15
New Trucks	"	468	360	— 32	— 27
Retail Food Prices[15]	1967	b	b	b	b
Bank Debits[5]	1967f	n.a.	n.a.	n.a.	n.a.
Commercial Failures[12]:					
Failures	No.	n.a.	n.a.	n.a.	n.a.
Liabilities	Thous. $	n.a.	n.a.	n.a.	n.a.
Indus. Power Consump.[4]	1967f	b	b	b	b
Value of Bldg. Const.[9]:					
Total	"	127	177	+ 2	+ 27
Residential	"	163	71	+ 3	+ 21
Nonresidential	"	81	310	+ 1	+ 35
Steel Production[18]	1967g	b	b	b	b
Labor Force Estimates[14]:					
Civilian Labor Force	Thous.	278.4	275.9	+ 2	+ 4
Civilian Employment	"	260.1	255.8	— 1	+ 2
Unemp. Total—No.	"	18.3	20.2	+ 58	+ 52
Unemp., Total—Rate	%	6.6	7.3		

ITEM	Unit or Index Base Period	Oct. 1979 (p)	Sept. 1979 (r)	Change From Last Year: Oct. 1979 from Oct. 1978	Change From Last Year: 10 months 1979 from 1978
TOLEDO					
Number Employed[7]:				%	%
Total[w]	1967	102	102	— 3	— x
Manufacturing	"	80	81	— 13	— 6
Trade, Serv., & Utils.	"	123	122	+ 3	+ 3
Construction	"	93	96	+ 18	+ 12
Payrolls[7]:					
Total[w]	"	238	239	— x	+ 5
• Manufacturing	"	176	176	— 15	— 3
Trade, Serv., & Utils.	"	327	322	+ 11	+ 11
Construction	"	219	246	+ 16	+ 18
Emp. Earn.—Gross Wkly.[7]:					
All Industries[w]	$	328.82	328.03	+ 3	+ 6
Manufacturing	"	365.47	362.28	— 2	+ 5
Trade, Serv., & Utils.	"	278.90	275.76	+ 11	+ 9
Construction	"	460.25	502.40	— 4	+ 3
Retail Sales[2]	%	c	c	+ 1	+ 1
Auto Titles[3]:					
New Cars	No.	2,203	2,073	— 18	n.a.
New Trucks	"	465	451	— 28	n.a.
Retail Food Prices[15]	1967	b	b	b	b
Bank Debits[5]	1967f	n.a.	n.a.	n.a.	n.a.
Commercial Failures[12]:					
Failures	No.	n.a.	n.a.	n.a.	n.a.
Liabilities	Thous. $	n.a.	n.a.	n.a.	n.a.
Indus. Power Consump.[4]	1967f	154	147	— 8	— 1
Value of Bldg. Const.[9]:					
Total	"	232	165	— 41	+ 37
Residential	"	197	147	— 55	— 9
Nonresidential	"	250	175	— 32	+ 96
Steel Production[18]	1967g	b	b	b	b
Labor Force Estimates[14]:					
Civilian Labor Force	Thous.	228.7	225.8	— 6	— 5
Civilian Employment	"	212.6	210.0	— 8	— 5
Unemp. Total—No.	"	16.1	15.8	+ 21	+ 6
Unemp., Total—Rate	%	7.1	7.0		

ITEM	Unit or Index Base Period	Oct. 1979 (p)	Sept. 1979 (r)	Change From Last Year: Oct. 1979 from Oct. 1978	Change From Last Year: 10 months 1979 from 1978
YOUNGSTOWN					
Number Employed[7]:				%	%
Total[w]	1967	86	87	— x	+ 2
Manufacturing	"	59	59	+ 1	+ 1
Trade, Serv., & Utils.	"	122	123	+ x	+ 2
Construction	"	57	61	— 16	— 5
Payrolls[7]:					
Total[w]	"	195	200	+ 8	+ 11
• Manufacturing	"	143	150	+ 9	+ 11
Trade, Serv., & Utils.	"	302	299	+ 9	+ 12
Construction	"	147	160	— 5	+ 9
Emp. Earn.—Gross Wkly.[7]:					
All Industries[w]	$	310.10	320.77	+ 7	+ 10
Manufacturing	"	345.21	367.52	+ 6	+ 9
Trade, Serv., & Utils.	"	245.46	243.31	+ 8	+ 9
Construction	"	474.20	478.11	+ 11	+ 13
Retail Sales[2]	%	c	c	+ 10	+ 4
Auto Titles[3]:					
New Cars	No.	1,365	1,250	— 10	— 1
New Trucks	"	226	253	— 23	+ 1
Retail Food Prices[15]	1967	b	b	b	b
Bank Debits[5]	1967f	n.a.	n.a.	n.a.	n.a.
Commercial Failures[12]:					
Failures	No.	n.a.	n.a.	n.a.	n.a.
Liabilities	Thous. $	n.a.	n.a.	n.a.	n.a.
Indus. Power Consump.[4]	1967f	87	91	— 6	+ 6
Value of Bldg. Const.[9]:					
Total	"	277	224	+ 98	+ 3
Residential	"	234	199	+ 12	— 15
Nonresidential	"	328	255	+449	+ 32
Steel Production[18]	1967g	79	82	— 13	+ 2
Labor Force Estimates[14]:					
Civilian Labor Force	Thous.	133.0	133.2	— 1	+ 2
Civilian Employment	"	124.4	124.7	— 1	+ 4
Unemp. Total—No.	"	8.6	8.5	— 1	— 12
Unemp., Total—Rate	%	6.5	6.3		

NOTE: All data are for county areas except bank debits and commercial failures, which are for areas within city limits. The indexes of number employed and payrolls and the employee weekly earnings are based on data for production workers in manufacturing, construction workers in contract construction, and nonsupervisory employees in other categories which exclude agriculture, government, education, and public institutions.

• Indicates series charted (page S-3). For sources and footnotes, see page S-6.

Number Employed, Payrolls, and Man-Hours in Ohio Industry

INDUSTRIAL GROUP	NUMBER EMPLOYED[7]					PAYROLLS[7]					MAN-HOURS[7]				
	INDEX (1967 = 100)		CHANGE			INDEX (1967 = 100)		CHANGE			INDEX (1967 = 100)		CHANGE		
	Oct. 1979 (p)	Sept. 1979 (r)	Oct. 1979 from Sept. 1979	Oct. 1979 from Oct. 1978	10 months 1979 from 1978	Oct. 1979 (r)	Sept. 1979 (p)	Oct. 1979 from Sept. 1979	Oct. 1979 from Oct. 1978	10 months 1979 from 1978	Oct. 1979 (p)	Sept. 1979 (r)	Oct. 1979 from Sept. 1979	Oct. 1979 from Oct. 1978	10 months 1979 from 1978
			%	%	%			%	%	%			%	%	%
Total[w] (2,427)[a]	**90**	**91**	**+ 1**	**— 2**	**+ x**	**201**	**201**	**— x**	**+ 3**	**+ 7**	**87**	**88**	**— 1**	**— 2**	**— x**
All Manufacturing[w] (1,318)	**79**	**80**	**— 2**	**— 4**	**— 1**	**181**	**182**	**— x**	**— 1**	**+ 6**	**74**	**75**	**— 2**	**— 6**	**— 2**
Chemicals (69)	97	99	— 1	— 1	+ x	215	218	— 1	+ 3	+ 8	95	96	— 1	— 2	+ 1
Food Products (90)	83	88	— 5	— x	— 2	204	211	— 3	+ 12	+ 5	76	82	— 7	+ 2	— 3
Bakery	75	76	— 1	+ 8	— 3	177	179	— 1	+ 17	+ 6	73	73	+ x	+ 11	— 3
Miscellaneous	84	89	— 6	— 1	— 1	207	214	— 4	+ 12	+ 5	76	82	— 8	+ 1	— 3
Lumber Products (46)	94	94	— x	— 8	— 1	188	189	— 1	— 1	+ 6	85	86	— 1	— 9	— 2
Furniture	102	101	+ x	— 10	— 2	203	203	— x	— 3	+ 4	97	97	+ x	— 11	— 3
Miscellaneous	82	84	— 2	— 3	+ 4	167	169	— 1	+ 3	+ 12	68	70	— 4	— 6	+ 2
Machinery (307)	77	77	— x	+ 3	+ 1	169	165	+ 2	+ 13	+ 9	74	73	+ 1	+ 3	+ x
Elec. Mach., Apparatus and Supplies	85	85	— x	+ 2	+ x	196	193	+ 1	+ 14	+ 7	81	81	+ x	+ 4	— 1
Machine Tools	61	66	— 7	+ 4	+ 5	142	148	— 4	+ 14	+ 16	64	67	— 5	+ 4	+ 5
Agricultural Equipment	47	49	— 4	+ 4	+ 5	104	106	— 2	+ 14	+ 16	53	54	— 3	+ 2	+ 6
Special Machinery and Appliances	74	72	+ 2	+ 4	+ 1	152	143	+ 6	+ 12	+ 9	70	67	+ 4	+ 2	+ 1
Metal Products (357)	84	86	— 2	— 7	— x	189	195	— 3	— 6	+ 6	75	78	— 4	— 11	— 2
Foundry Products and Drop Forgings	76	94	— 19	— 29	— 6	178	223	— 20	— 33	— 2	62	77	— 19	— 32	— 8
Pipes, Valves, and Plumbers' Supplies	66	82	— 20	— 23	+ 9	157	204	— 23	— 21	+ 12	76	93	— 18	— 22	+ 5
Screw Machine Products and Hdwe.	95	94	+ 1	— 2	+ 2	180	171	+ 5	— 4	+ 3	95	94	+ 1	— 7	— 3
Sheet Metal Work	95	92	+ 3	— 10	— 3	213	204	+ 5	— 5	— 1	81	79	+ 3	— 11	— 8
Steel Works and Rolling Mills	78	80	— 3	— 3	+ 1	172	185	— 8	— x	+ 10	71	76	— 6	— 7	+ 1
Stoves and Furnaces	92	96	— 4	— 23	— 7	185	191	— 3	— 18	+ x	98	101	— 3	— 25	— 9
Miscellaneous	85	82	+ 4	+ 1	+ 1	190	178	+ 7	+ 4	+ 9	72	69	+ 4	— 3	+ 1
Paper and Printing (141)	66	67	— 1	— 3	— 2	166	170	— 3	+ 2	+ 3	63	65	— 3	— 6	— 4
Paper and Pulp	49	49	— x	— 3	— 4	160	167	— 4	+ 5	+ 2	41	44	— 6	— 4	— 7
Printing and Publishing	79	80	— 1	— 2	— 2	180	181	— 1	+ 5	+ 5	74	75	— 1	+ x	— 1
Miscellaneous	67	68	— 1	— 4	— 2	157	161	— 3	— 1	+ 2	67	69	— 3	— 8	— 4
Rubber Products (55)	69	69	+ x	— 5	— 5	168	158	+ 6	— 1	+ 4	64	63	+ 1	— 7	— 5
Tires and Tubes	50	50	+ x	— 5	— 8	109	106	+ 3	+ x	+ 2	38	37	+ 1	— 7	— 7
Miscellaneous	80	79	+ x	— 6	— 4	216	200	+ 8	— 1	+ 5	87	86	+ 2	— 6	— 4
Stone, Clay, and Glass Products (94)	75	76	— 1	— 7	— 4	188	183	+ 3	— 2	+ 1	84	83	+ 1	— 8	— 6
Brick and Tile	59	61	— 3	— 4	+ 13	124	121	+ 3	+ 8	+ 25	62	61	+ 1	— x	+ 16
Glass	78	79	— x	— 15	— 11	185	174	+ 6	— 11	— 7	80	78	+ 2	— 16	— 14
Vitreous & Semi-Vit. China & Pottery	58	57	+ 1	+ x	— 1	161	158	+ 1	+ 9	+ 8	88	86	+ 2	+ 1	— 2
Miscellaneous	91	93	— 3	+ 4	+ 3	237	245	— 3	+ 9	+ 8	98	101	— 3	+ 2	+ 3
Textiles (37)	73	72	+ 1	— 3	— 1	115	108	+ 6	+ 4	+ 7	74	74	+ x	— 2	+ 1
Men's Clothing	82	83	— 1	— 2	— 2	114	111	+ 3	+ 5	+ 8	76	81	— 6	+ 1	+ 5
Miscellaneous	69	67	+ 3	— 4	— x	120	110	+ 9	+ 2	+ 6	73	70	+ 5	— 4	— 1
Vehicles (67)	84	87	— 4	— 11	— 1	196	202	— 3	— 19	+ 2	74	77	— 4	— 20	— 5
Autos and Parts	93	98	— 5	— 15	— 1	224	233	— 4	— 24	+ 1	81	85	— 5	— 25	— 7
Cars, Electric and Steam Railway	119	119	+ x	+ 15	+ 15	257	268	— 4	+ 18	+ 26	109	113	— 4	+ 16	+ 20
Miscellaneous	57	56	+ 1	+ 27	— x	126	123	+ 2	+ 39	+ 9	58	57	+ 1	+ 26	+ 2
Miscellaneous Manufacturing (60)	65	65	+ x	— 3	— 2	144	129	+ 11	+ 8	+ 6	62	57	+ 8	— 2	— 2
Total Trade, Service, and Utilities[w] (727)	**104**	**103**	**+ 1**	**+ x**	**— x**	**234**	**232**	**+ 1**	**+ 8**	**+ 7**	**107**	**107**	**+ x**	**+ 1**	**+ 1**
Service (214)	122	122	— x	+ 3	+ 3	242	244	— 1	+ 9	+ 8	134	136	— 1	+ 4	+ 3
Trade, Retail and Wholesale (403)	93	92	+ 1	— 2	— 2	205	202	+ 2	+ 5	+ 6	92	91	+ 1	— 2	— 2
Transportation & Public Utilities (110)	109	109	— x	+ x	+ 2	302	295	+ 3	+ 11	+ 9	109	108	+ 1	+ 1	+ 2
Construction (352)	**80**	**81**	**— 1**	**+ 3**	**+ 6**	**192**	**202**	**— 5**	**+ 11**	**+ 13**	**71**	**74**	**— 4**	**+ 4**	**+ 7**
Mines and Quarries (30)	**128**	**129**	**— x**	**+ 1**	**+ 30**	**270**	**268**	**+ 1**	**+ 15**	**+ 49**	**80**	**78**	**+ 3**	**+ 7**	**+ 35**

Indexes of number employed and of payrolls are based on the employment of 532,968 persons (production workers in manufacturing and mining, construction workers in contract construction, and nonsupervisory employees in other categories in 2,427 firms; indexes of man-hours, on the employment of 519,296 production workers and nonsupervisory employees in 2,326 firms. Figures in parentheses show number of firms reporting employment and payrolls. In some cases fewer firms report man-hours. Data do not include agriculture, government, education, or public institutions. For sources and footnotes, see below.

FOOTNOTES FOR BULLETIN TABLES AND CHARTS

[1]Change in number of failures: [a]Figures in parentheses show number of firms reporting this month: [n.a]Current data not available: [b]Comparable data not available: [c]Only percentage of change available: [d]Adjusted for seasonal change; [f]Adjusted for number of working days: [g]Four weeks average; [h]Annual rate; [p]Preliminary; [r]Revised; [s]Series revised; [w]Weighted: [x]Less than 0.5 percent; [z]More than 1,000 percent increase.

Primary Sources:

Computed from: [1]Center for Business and Economic Research multiple regression model.

Computed from original data collected by the Center for Business and Economic Research from: [2]Ohio retailers: [3]County Clerks of Courts: [4]Local Power and Light Companies.

Computed by the Center for Business and Economic Research from data supplied by: [5]Board of Governors of the Federal Reserve System: [6]Life Insurance Marketing and Research Association; [7]Division of Research and Statistics of the Ohio Bureau of Employment Services, collected in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor: [8]Federal Power Commission; [9]F. W. Dodge Division, McGraw-Hill Information Systems Company; [10]Dun & Bradstreet, Inc.

Other data sources: [11]Federal Reserve Board; [12]Dun & Bradstreet, Inc.; [13]U.S. Department of Commerce; [14]Division of Research and Statistics of the Ohio Bureau of Employment Services: [15]U.S. Department of Labor; [16]Department of Agricultural Economics, O.S.U.; [17]U.S. Department of Agriculture; [18]American Iron and Steel Institute; [19]U.S. Department of Energy; [20]National Machine Tool Builders' Association; [21]F. W. Dodge Division, McGraw-Hill Information Systems Company; [22]R. L. Polk & Co.; [23]Standard & Poor's Corporation.

Note: In the Ohio-U.S. table, page S-2, dual source notes on a single line of the table stub refer first to Ohio data, second to U.S. data.

Ohio Retail Sales Trends

October Sales of Ohio Retailers were 13 percent higher than September sales and 4 percent higher than sales in October 1978. On a seasonally adjusted basis, the current October index of sales was 6 percent above the September sales index.

For the First Ten Months of 1979, total retail sales maintained a level 5 percent above cumulative sales in the corresponding months of 1978.

By Kind of Business, rebounds from September declines were evident as 19 out of 23 categories had sales gains in October over September. The much-watched motor vehicles category had a sales increase of 19 percent in October from September. Even so, vehicle sales failed by 4 percent to match the year-ago October level. Seven other lines also experienced sales declines in October from year-ago October. For the year thus far, sales in 18 individual lines surpassed their sales in the first 10 months of 1978.

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INDEXES OF OHIO RETAIL SALES

KIND OF BUSINESS	INDEX (1957–59 = 100)		CHANGE			
			Oct. 1979 from Sept. 1979		Oct. 1979 from Oct. 1978	10 mos. 1979 from 1978
	Oct. 1979 (p)	Sept. 1979 (r)	Not Seas. Adj.	Seas. Adj.		
			%	%	%	%
Total Retail Stores[2] ▼	**305**	**270**	**+13**	**+ 6**	**+ 4**	**+ 5**
Grocery Stores	301	292	+ 3	+ 1	+ 7	+ 6
Other Food Stores	413	329	+26	+21	+28	+14
General Stores (With Food)	170	178	— 5	— 8	+12	+18
Department Stores	282	271	+ 4	— 4	+14	+ 8
Other General Merchandise	215	204	+ 6	— 2	+ 8	+ 8
Men's Clothing–Furns. Stores	128	101	+27	+ x	—10	— 2
Family Clothing Stores	151	116	+29	+17	+ 6	+ 4
Women's Ready-to-Wear Stores	156	151	+ 3	— x	+ 3	+ 3
Shoe Stores	126	149	—16	—10	— 7	+ 2
Furniture Stores	251	216	+16	+ 8	+ 3	+ 8
Household Appl.–TV-Rdio Strs.	248	260	— 4	— 3	—18	— 1
Home Furnishings Stores	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Motor Vehicle Dealers	392	329	+19	+11	— 4	— 3
Other Automotive	159	133	+19	+12	+ 4	— 1
Filling Stations	432	356	+21	+10	+ 5	+11
Lumber–Bldg. Matls. Dealers	345	314	+10	+ 8	— 7	+ x
Paint, Glass & Wallpaper Strs.	154	203	—24	—18	— 9	+11
Heat.–Plumb. & Elec. Sup. Strs.	288	286	+ 1	—16	+ 9	+23
Hardware Stores	252	208	+21	+21	— 5	— x
Farm Equipment Dealers	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Eating & Drinking Places	225	207	+ 9	+ 3	+18	+16
Drug Stores	224	210	+ 6	+ 1	+ 2	+ 5
Jewelry Stores	173	162	+ 6	+ x	+17	+ 7
Florists	161	120	+34	+19	+10	+15
Fuel Dealers	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Hay–Feed, Farm & Grdn. Strs.	378	244	+55	+17	— 5	+16
State Liquor Stores	164	154	+ 7	+ 6	+ 9	+ 5

For sources and footnotes, see page S-6.

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Commercial Banking and the Economic Development of Ohio and Columbus (Continued from page 4)

and less willing to expand their assets and liabilities than banks elsewhere? A major reason is their inclination, either by intent or by default, toward risk aversion, which translates into a lack of aggressiveness in generating business loans. The gross weakness of Ohio commercial banks lies in making commercial loans. A few years ago in Cleveland there were eleven production loan offices of out-of-state banks. How many Ohio banks have out-of-state production loan offices? The answer, I surmised, is very few, if any.

Ohio banks often excuse themselves for their weak commercial loan activity on the basis of the size of their deposits, especially liabilities. But "size of deposits" is a measure of a bank's willingness to tap sources of funds for expanding their deposit base for making loans. Ohio banks are generally not very aggressive in acquiring funds.

In examining the propensity of Ohio's banks to risk aversion, it is meaningful to review how the strength of a bank is measured. The following key ratios are generally used for this purpose:

1. percent earned on average assets
2. percent earned on average equity
3. percent of average equity to average assets
4. net interest margins
5. overhead cost ratio

Of these ratios, the most important one according to bank stock analysts is the first one, percent earned on average assets (*New York Times* 1979). This ratio is also an indication of a bank's inclination to risk aversion. The higher the ratio, the greater is the propensity to risk aversion. The two top banks in the U.S. having the highest percent earned on average assets are two Cleveland banks, National City (1.30 percent) and AmeriTrust, formerly Cleveland Trust, (1.09 percent) (*Finance Magazine*, 1978). In fact, National City was the only bank among the top 60 U.S. banks to make it into the top ten in all of the above five categories. Furthermore, AmeriTrust was the only bank, aside from National City Bank, among the top 60 U.S. banks to make it into the top ten in four of the above categories. The extreme performance of National City, the so called "Superbank," reflects a deliberate asset-liability decision to place a large amount of their assets into fixed-income securities. This amount, $1.2 billion, is virtually as large as the bank's entire loan portfolio (Elliott 1978). This ultraconservative decision to pervasive risk aversion helps explain why National City is able to achieve such high performance ratios.[4]

Another reason for the peculiar behavior of Ohio's banks was pointed out to me by a banker associated with one of Ohio's largest banks. He feels that "discount window" policies of the Federal Reserve Bank in Cleveland are too conservative and restrictive compared to other regional Federal Reserve Banks, e.g. Chicago and New York. He has argued that the high discount rate of the Cleveland Fed, and the traditionally curtailed availability of credit from the Cleveland Fed, has militated against the expansion of the deposits of Ohio banks.

A Summary of Commercial Banking in Columbus

Much of what has been said for Ohio holds true for Columbus. However, there are some major differences. The economy of the Columbus SMSA has been growing faster than either the Ohio or U.S. economy. Despite this faster growth the participation of the commercial banks in the local economy appears to be slipping at the expense of the S&Ls. If Ohio's commercial banks play a smaller role in the Ohio economy than do U.S. banks in the U.S. economy, banks in Columbus play an even smaller role in the economy of Columbus. The earlier explanations of the behavior of Ohio banks also hold for Columbus. Another reason for the smaller role of Columbus banks is that the large number of insurance companies in the city provide a source of loanable funds for businesses in the city.

Two of the major banks (Bank One and Huntington) have grown rapidly, but so has the Columbus economy. Columbus banks have a reputation (especially Bank One) for introducing innovative marketing practices.[5]

The suburbanization of population and firms in the Columbus SMSA has raised questions about the future economic vitality of the Columbus central business district (CBD). For example what is the future of the Columbus CBD as the financial center of central Ohio? In a study by Bies (1977) the spatial distribution of deposits at metropolitan bank offices was analyzed. CBDs have been the center of urban banking activity primarily because of agglomeration economies. However, these economies appear to be diminishing because of modern transportation facilities, higher incomes, spatial dispersal of new manufacturing plants, and improved communication technologies—e.g., electronic transfer of funds. Furthermore, when selecting a new bank, households are more likely to choose a bank near their home than near their workplace.

Because the major strengths of the Columbus banks lie in the servicing of consumers and small businesses and less in servicing sizeable commercial accounts, there is likely to be a greater spatial dispersion of facilities from the CBD. On the other hand were the Columbus banks essentially oriented to large commercial accounts here and elsewhere, then the financial core of the CBD would grow faster in relative terms.

(Continued on page 6)

[4] All of this is reminiscent of the behavior of Boston banks in the first half of the 19th century. They held large amounts of trust funds in safe secure fixed income securities, and relatively little in commercial loans. The unwillingness of Boston banks to help finance the economic redevelopment of the Boston economy is cited as a reason for the stagnation of Boston's economy in this period. There are parallels for today's Cleveland economy.

[5] Bank One has acquired a national reputation for instituting a number of financial services involving the computer, e.g., regional processing of Master Charge credit card accounts, and the financial management of the unencumbered cash accounts of customers of Merrill Lynch, et al.

Commercial Banking and the Economic Development of Ohio and Columbus (Continued from page 5)

The banks in Columbus are minor regional ones for the reason that most of their sources and uses of funds are associated with Columbus and central Ohio. Columbus is not a major regional "money center" like Chicago or Pittsburgh and its involvement in the Eurodollar and other world capital markets is virtually non-existent. The same can be said for the banks in Cincinnati, Cleveland, and Toledo. None of these cities is a major regional money center; and the size of the deposits of each of the major banks in these cities is small relative to the size of the urban economy served by the bank.

State and Local Taxation of Commercial Banks

Taxation of Ohio banks imposes a cost of doing business which may affect their behavior toward the economic development of Ohio. For example, if the taxes paid by Ohio banks are burdensome, do they adjust to this burden by being more cautious about risk? In taxing commercial banks and other financial institutions Ohio has generally relied on the intangible personal property taxes upon deposits and shares of stock. In a recent comprehensive study, Harris stated that Ohio banks "bear a heavy tax burden relative to most other states, although even with the deposits and shares taxes treated as bank taxes, Ohio banks are taxed relatively lightly among Ohio corporations" (Harris 1979, p. 118). The main conclusion of Harris' study is that deposits and shares taxes can be regarded as taxes incident on banks. He also found that:

> Ohio bank taxes are indeed relatively high . . . Nationally, Ohio ranked in the top five or ten states in 1969; in the North Central region, Ohio ranked first or second, depending upon the basis used for comparison, and was higher than any of the neighboring states. (p. 71)

If such taxes are burdensome, they may drive banking capital out-of-the-state and impede economic development in Ohio. Whether this is indeed so is problematical. Comparing Ohio banks to other businesses in Ohio, banks enjoy a number of tax advantages which other businesses do not. According to Harris (1979, p. 87) the tax impact ratio for Ohio banks was 64.4 percent of the average for Ohio corporations in 1969.

Are the tax burdens of commercial banks too cumbersome for purposes of economic development? Can the taxes banks pay be changed in such a way that they would be more mindful of promoting economic development in the areas they serve? My answer to both questions is no, for the reason that there are more important ways for banks to promote economic development.

The Regional Effects of U.S. Monetary Policy

If commercial banks are the major institution for creating money to finance the economic development of Ohio, and if there are pronounced regional effects of U.S. monetary policy, then the interaction of Ohio banks with changes in U.S. monetary policy is worth a review.

There is a small but growing interest in the regional impact of U.S. monetary policy, e.g., Fishkind (1977). For Ohio and Columbus it means understanding how U.S. monetary policy affects behavior of the Federal Reserve Bank of Cleveland in respect to member banks in the district.

One of the earliest studies of the regional impact of U.S. monetary policy was conducted by Lawrence (1964) who found that banks making primarily commercial loans experience the greatest decline in reserve positions during periods of monetary restraint. If this is indeed the case, then Ohio banks would experience a relatively smaller decline than banks outside Ohio.

Interest rate differences across regions are cited by Roberts and Fishkind (1979) and Longbrake and Peterson (1979). Miller (1978) concludes for his two-region model "that the regional dimension may disrupt the intended short-run impact of defensive open market operations by the central bank" (Miller 1978, p. 137).[6]

Several papers (Miller 1978, p. 1) have analyzed the reserve adjustment lags of various bank classes and regions in the U.S. with respect to open market operations, and concluded that one to two months impact of open market purchases is pervasive among all bank classes and regions in the U.S.

The Future Role of Commercial Banks in the Economic Development of Coumbus

Commercial banks in Columbus need to learn more about their importance and the potential role they can play in the economic development of the city. In fact Barry Winslow, a senior vice president of the Huntington National Bank, concludes that:

> Regional banks cannot afford to maintain a passive role or low profile in area economic development efforts. They must assume an active, catalytic role in economic development.
>
> In order to be effective in this active, aggressive role in the economic development, the regional bank must be knowledgeable, innovative, and well connected in the national and international markets. In fact it must assume a quasi-investment banking role; acting as a financial consultant, venture capital reference, private placement underwriter, and liason between the public and private sectors of the economy (Winslow 1979, p. 143).

Winslow provides an answer to the question of how to make a regional commercial bank more conscious of the processes of local economic development. He outlines an operational framework for establishing an economic development program within a bank. Winslow is well aware that "banks can play an important role as a catalyst to economic development" (Winslow 1979, p. 12).

[6] However, contrary evidence is offered in an earlier study (Dreese 1974).

The most widely used form of economic development financing is industrial revenue bond financing. There is an extensive discussion in Winslow (1979) about this development tool as well as other financial investments for promoting economic development.

Summary and Recommendations

Commercial banking in Ohio and Columbus is a vital and integral part of the economic development of both areas. However, the expansion of the demand for the services of commercial banks in Ohio and Columbus has been largely a reflection of the economic growth in the nonfinancial sectors of the Columbus and Ohio economies.

In the case of Columbus this means that commercial banks in Columbus have not contributed to the Columbus economy to the extent of their internal potential growth. They have relied largely on the growth of the other sectors of the Columbus economy, and not on their internal ability to grow as banks have in the important regional money centers. Columbus is not a regional money center like Pittsburgh and Chicago, cities which export a considerable amount of financial services to other areas. The growth of the Chicago and Pittsburgh economies has been bolstered by the expansion of exported banking services. It is my belief that Columbus and Central Ohio import more banking services than they export. If Columbus were to export such services, rather than import them, the economic development of Central Ohio would be additionally enhanced.

Furthermore, it can be argued that the growth of commercial banking in Columbus has taken a back seat to the growth of financial deposits in S&Ls and credit unions in the city. In Ohio there are cities where the commercial banking industry is relatively stronger than the S&Ls and credit unions. In Columbus the reverse is true. Banks in Columbus cannot excuse themselves because of "Regulation Q" for which there exist counter examples of relative strength in other cities in Ohio. This trend of a smaller share of financial deposits accruing to commercial banks in Columbus has a special signifiance for the economic development of Columbus. Commercial banks have a far greater capacity to export financial services than either S&Ls or credit unions. This capacity, ill developed in Columbus, is shrinking in relative terms for the Columbus banks. Furthermore, because of the flexibility of the operations of a bank there is the potential loss of benefits accruing to the community due to the relative smaller size of banks in Columbus.

In general, the economic development of Ohio has been impeded by the conservative stance of Ohio banks with respect to policies regarding the expansion of their assets and liabilities. Compared to banks in other states they are dedicated risk averters, particularly with respect to commercial lending. They have been content to pursue safe, secure, and ultraconservative policies. Moreover, they have not been as development minded in creating regional money centers as banks have been in Pittsburgh and Chicago. The assets of the large banks in Cincinnati and Cleveland are small relative to the size of their urban economies. Columbus is no exception. And finally, they are "Johnny-come-latelys" to understanding the role that they should play in promoting the economic development of the areas they serve.

The recent changes in state banking laws (Campbell 1979) may help, but it will take a stronger, more dynamic leadership in banking to create regional money centers which will add significantly to the urban economies of Ohio, including Columbus. Furthermore, if they are truly interested in furthering the economic development of Ohio and Columbus, then they will have to face up to the challenge of helping to create and nourish capital venture firms in Ohio.

The Federal Glass Company closing also underscores another concern about commercial banking in Columbus. In many cities banks are willing to cooperate in order to share the risk of making a large loan to a firm having a vital stake in the urban economy.[7] The "Catch-22" aspects of the Federal Glass case exposed the unwillingness of the banks in Columbus to pool the risk of a loan with possible public guarantees. While it can be argued that Federal Glass was a lost cause from the start, the need for the banks in Columbus to consider working together when a similar case arises is paramount.

My recommendations are the following:

1. Financial institutions, especially Ohio banks, and the Cleveland Fed need to learn more about how to promote the economic development of their communities.
2. Ohio banks need to remedy a number of marketing deficiencies, and take a more expansive view of their role to promote business in the communities they serve. These marketing deficiencies are obvious in areas, e.g., Columbus, where S&Ls are so much stronger than banks.
3. Ohio banks need to be more aggressive in acquiring funds and especially in soliciting commercial loans.
4. Ohio banks need to reexamine their ultraconservative stance to risk, and become more risk seeking and less risk averting.
5. Ohio banks need to wake up to their social responsibility for and mission of helping promote the economic development of Ohio,[8] now that statewide branch

(Continued on page 8)

[7] The willingness of the Columbus banks to cooperate on other matters was evident in making a loan of $5 million to the financially beleaguered Columbus school system. The banks are Huntington, Bank One, and BancOhio National (*Lantern* 1979).

[8] There will undoubtedly be a push in this direction coming from the recently enacted Community Reinvestment Act which states that banks may be penalized for not supporting the economic base of the region they serve. The Act became effective on November 6, 1978. A further awareness of the need for economic development by banks is expressed by the recently created economic development committee of the Ohio Bankers Association. The guiding hand behind the creation of this committee was Frank Wobst, President of the Huntington National Bank, Columbus.

banking on a contiguous county basis is permitted (Campbell 1979) and the Community Reinvestment Act (U.S. Congress 1977) is on the books. In other words a financial economic development program is needed to complement the program proposed in L'Esperance (1977) and L'Esperance and Hunker (1979).

In conclusion, Ohio banks will have to decide whether they want to continue operating the way they have or assume a more expansive role as significant regional banks. Regardless of what they do, Ohio banks will face more competition from foreign and major money center banks, from S&Ls and credit unions trying to become more like commercial banks, and from the largest U.S. banks should U.S. regional branch banking be permitted.

In my opinion, Ohio banks ought to be more dynamic and expansive in the creation of their assets and liabilities. Were they to do so, the Ohio economy would be in better shape today.

WILFORD L. L'ESPERANCE *is Professor, Department of Economics, The Ohio State University.* *This article is based on a discussion paper prepared for the Mayor's Economic Development Council, Department of Development, City of Columbus. The opinions expressed in this paper are those of the author and are not necessarily those of the Council, the Technical Advisory Group (TAG) of the Mayor's Economic Development Council, or the Department of Development. The author, a member of TAG, is grateful to* **HENRY L. HUNKER, KARL CASE, MICHAEL N. CLEMMONS,** *and* **FREDERICK A. DEAL** *for their helpful comments and discussion of the issues.*

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